

Message Text

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ACTION H-02

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FM AMEMBASSY RABAT

TO SECSTATE WASHDC 4638

C O N F I D E N T I A L RABAT 0889

E.O. 11652: GDS

TAGS: OVIP (CODEL IPU)

SUBJ: VISIT OF CODEL IPU

1. CODEL IPU VISITED MOROCCO FEB 13-15, FOLLOWING STOPS IN CAIRO AND ALGIERS AND JUST BEFORE RETURNING TO U.S. RABAT PORTION INCLUDED A BRIEFING OF CODEL BY MYSELF AND COUNTRY TEAM, RECEPTION AT RESIDENCE ATTENDED BY WIDE RANGE OF GOVERNMENT AND POLITICAL FIGURES, AND ROUND-TABLE DISCUSSION WITH PRIME MINISTER OSMAN AND HIS PRINCIPAL AIDES. CODEL SPENT A FULL DAY IN MARRAKECH, WHERE THEY WERE GUESTS OF PROVINCIAL GOVERNOR AT LAVISH MOROCCAN-STYLE LUNCHEON UNDER TENT WITH ENTERTAINMENT BY THREE TROUPES OF FOLKLORIC DANCERS AND SINGERS. CODEL VISIT RECEIVED EXTENSIVE TELEVISION AND PRESS COVERAGE OF A FACTUAL NATURE.

2. MEETING WITH PRIME MINISTER WAS HELD FEB 13 IN HIS OFFICE AT ROYAL PALACE. MOROCCAN SIDE INCLUDED MININFO BENHIMA, ACTING FONMIN CHERKAOU, MFA DIRECTOR OF AMERICAN AND EUROPEAN AFFAIRS BELKORA, AND, FROM PRIMIN'S OFFICE, SECRETARY OF STATE FOR GENERAL AND SAHARAN AFFAIRS ABDESLAM ZENINED, SECSTATE FOR ECONOMIC AFFAIRS MOHAMED BELKHAYAT, AND SECSTATE FOR PLANNING AND REGIONAL DEVELOPMENT TAIEB BENCHEIKH. ONE AND ONE-HALF HOUR EXCHANGE WAS MARKED BY CORDIALITY AND FRANKNESS.

3. PRIMIN OSMAN LED OFF BY EXPRESSING REGRET KING HASSAN'S CONVALESCENCE FROM RECENT SURGERY PRECLUDED HIS RECEIVING THE CODEL HIMSELF. PRIMIN CONTINUED WITH STRONG PITCH FOR MORE "AGGRESSIVE" U.S. INVESTMENT IN MOROCCO, NOTING U.S. CONGRESS COULD HELP CONVINCE U.S. BUSINESSMEN TO INCREASE THEIR
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PARTICIPATION IN MOROCCAN ECONOMY. SECSTATE BENCHEIKH

DETAILED PROVISIONS OF MOROCCAN INVESTMENT LAW AND ADVANTAGES
ACCRUING TO FOREIGN INVESTORS.

4. IN DISCUSSION OF ENERGY CRISIS, PM OSMAN SAID MOROCCO FAVORED A REASONABLE SETTLEMENT OF OIL PRICE ISSUE ARRIVED AT COOLLY THROUGH AMICABLE DIALOGUE. OSMAN EXPRESSED VIEW THAT INFLATION WAS MAJOR FACTOR IN RECENT RISE IN COST OF OIL, COMMENTING THAT MOROCCO, WHICH NOT AN IMPORTANT OIL PRODUCER, HAD HAD SERIOUS DIFFICULTY IN MEETING ITS 1974 PETROLEUM REQUIREMENTS AND THAT PRICE IMPACT ON COUNTRY HAD BEEN SEVERE. PRIMIN VOICED INTEREST IN DEVELOPING SHALE AS SUBSTITUTE FUEL SOURCE, IN COOPERATION WITH U.S. SUBSEQUENTLY, HE ALSO CITED WATER -- DAMS, DESALINIZATION, AND SEARCH FOR WATER RESOURCES -- AS ANOTHER POSSIBLE AREA OF ECONOMIC COOPERATION WITH U.S.

5. PRIMIN QUESTIONED CODEL CLOSELY ON EFFECTS OF TRADE BILL ON MOROCCO, SAYING HE HAD HEARD MOROCCO MIGHT BE AN "OBJECT OF RETALIATION." SENATOR BAYH RESPONDED THAT MOROCCO NOT AFFECTED AND THAT THERE HAD BEEN NO INTENTION TO INCLUDE MOROCCO WITHIN SCOPE OF THIS LEGISLATION. CONGRESSMAN MCCLORY POINTED OUT THAT TRADE BILL CONTAINED POTENTIAL BENEFITS ON TARIFFS.

6. ON PHOSPHATES, PRIMIN STATED SUPPORT FOR FREE ENTERPRISE APPROACH COMBINED WITH SOME CONTROL IN VIEW OF NEED TO PROTECT NATURAL RESOURCES. MOROCCO DID NOT WANT TO USE PHOSPHATES AS WEAPON, HE ASSERTED. THERE WAS NEED FOR FAIR DISTRIBUTION OF PROFITS BETWEEN FURNISHERS OF RESOURCES AND MANUFACTURERS OF FINISHED PRODUCTS, PRIMIN STRESSED.

7. DISCUSSION OF ARAB-ISRAEL CONFLICT ELICITED DECLARATION OF MOROCCAN DESIRE TO SEE U.S. PEACE EFFORTS INTENSIFY AND SUCCEED. IN REPLY TO QUESTION WHETHER PALESTINE SOLUTION MIGHT RESULT IN REDUCED OIL PRICES, INFOMIN BENHIMA TOOK POSITION THAT PRICE WAS 95 PERCENT ECONOMIC FACTOR, ADDING THAT NONETHELESS ANY DIMINUTION IN ARAB NEED FOR WAR PREPARATIONS WOULD UNDOUBTEDLY LESSEN ARAB EXPENDITURES AND MAKE POSSIBLE SOME LOWERING OF PRICES.

8. COMMENT: CODEL IPU VISIT WAS, IN MY JUDGMENT, VERY
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WORTHWHILE BOTH AS ORIENTATION AND AS MEANS OF REINFORCING BILATERAL CONTACTS. NUMEROUS MOROCCANS INVOLVED WITH VISIT EXPRESSED HOPE THAT EXCHANGES OF THIS KIND COULD BE MULTIPLIED IN FUTURE. MOROCCAN INTEREST IN DELEGATION WAS EXEMPLIFIED BY EXCEPTIONAL TURNOUT FOR FEB 13 RECEPTION, INCLUDING LEADERS OF MOST OF COUNTRY'S POLITICAL AND LABOR ORGANIZATIONS.
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